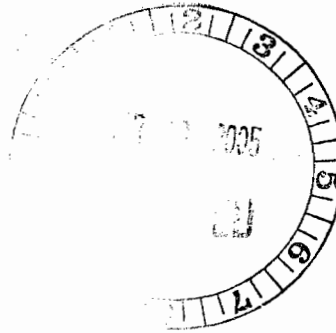


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April 20, 2005

VIA HAND DELIVERY

Ms. Vicki Rutson
Chief, Section of Environmental Analysis
Surface Transportation Board
1925 K Street., N.W., Room 504
Washington, D.C. 20423

Re: Finance Docket No. 34658, The Alaska Railroad Corp. -- Petition For An Exemption From 49 U.S.C. §10901 To Construct And Operate A Rail Line Between Eielson Air Force Base (North Pole, Alaska) and Fort Greely (Delta Junction, Alaska)

Dear Ms. Rutson:

As you are aware, the Alaska Railroad Corporation ("ARRC") plans to construct and operate a new rail line approximately 80 miles in length that will connect Eielson Air Force Base near North Pole, Alaska to a point at, or near, Fort Greely and the Donnelly Training Area near Delta Junction, Alaska. The rail line extension includes a 15-mile spur from Flag Hill to the Blair Lakes Military Training Area. The project will support military and civilian activities in the corridor. ARRC intends to file a petition for exemption with the STB for construction and operational authority.

The project area is located in a sub-arctic region with diverse environmental, geologic, and geotechnical conditions. The line would travel through predominately undeveloped public land that is sparsely populated. It would appear to avoid wildlife refuges, national parks and other types of conservation lands. The proposed line will not cross the lines of other rail carriers. Up to five river crossings and several stream crossings are anticipated.

The project development, design, and environmental review process are being funded by an existing appropriation from the Department of Defense ("DOD") that will be administered by the Federal Railroad Administration ("FRA"). ARRC anticipates that the remainder of the project,

Vicki G. Rutson
April 20, 2005
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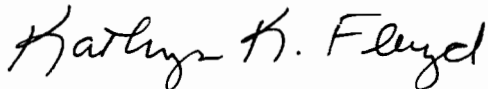
including construction, will be funded primarily by the issuance of tax-free bonds. ARRC currently has \$500 million in bonding authority granted by the State of Alaska. ARRC anticipates that debt service on the bonds will be serviced through long-term contracts with the DOD to provide freight and passenger rail service in support of military missions in Alaska.

On January 11, 2005, representatives of ARRC met with Dave Navecky, Evelyn Kitay, several representatives of the FRA, Rob Jenkins of our firm and you. The ARRC representatives were: Tom Brooks, Chief Engineer; Brett Flint, Manager, Project Management; Barbara Hotchkin, Permits and NEPA Specialist; and Eileen Reilly, V.P., Projects, Engineering, Technology and Signal. We discussed general project information compiled to date during the project development phase.

To the extent that 49 C.F.R. §1105.6(a) might be read to apply to the proposed action, ARRC hereby requests a waiver of the 49 C.F.R. §1105.10(a) requirement that an applicant consult with SEA at least 6 months prior to the filing of a petition for an exemption from 49 U.S.C. §10901 to construct and operate a rail line if the proposed construction might require filing an Environmental Impact Statement. We believe that the six-month prenotification is not needed with respect to this project. ARRC intends to utilize an independent third-party consultant, to be selected by SEA, to prepare the necessary environmental documentation. In addition, a six-month delay would needlessly impede the progress of this very important project.

Please let me know if you have any questions. We greatly appreciate your assistance and look forward to working with you on this project.

Sincerely,

A handwritten signature in cursive script, reading "Kathryn A. Kusske Floyd".

Kathryn A. Kusske Floyd

cc: David Navecky
Eileen Reilly
Brett Flint